

From: Scott Ellington <SEllington@HighlandCapital.com>

To: "Gregory V. Demo" <GDemo@pszjlaw.com>

Cc: Isaac Leventon <ILeventon@HighlandCapital.com>, James Romey <jromey@DSIConsulting.com>, David Klos <DKlos@HighlandCapital.com>, Jim Seery <jpseeryjr@gmail.com>

Subject: Re: UB Diligence Requests: Highland Credit Opportunities CDO Ltd.

Date: Sat, 15 Aug 2020 12:47:38 -0500

Importance: Normal

I don't think there is any need for a call. I can tell you where we are currently.

We are searching for documents and records that were created as far back as 15 years ago. As you can imagine records and documents storage and best practices were very different in 2005.

Most of the employees and custodians of such documents and records have not worked for the debtor or related entities in 10+ years.

The professionals and service providers of the target entities have not been associated with those entities in 7+ years.

The Debtor doesn't have any leverage or ability to get former professionals and service providers to help in this endeavor.

The Debtor has not managed these target entities in 7 years.

As I am sure you are aware and I know UBS is aware that the document retention policy of the SEC is that the RIAs are required to maintain documents for 7 years.

Furthermore, I have personally discussed at length with the head of KPMG Cayman Islands this particular situation and he expressed to me that there are currently more than 6000 "ghost funds" such as these target entities, stemming from the 2008 crisis, that do not have directors, custodians, administrators, bank accounts etc. that sit dormant and NO ONE knows what they truly retain etc.

I know that UBS is aware of this situation and I know Andy Clubok knows of this situation because I have personally discussed it with him several dozen times. Including as recently as this year.

Needless to say this project is a Herculean task.

Isaac and myself have spent in excess of a 100 hours trying to piece together everything we can to create a true and accurate document based record of what happened with these target entities.

A large majority of our efforts are based in educated "guess work" which is only possible due to our long tenures with the Debtor, that has lead to the ability to discover documents and correspondence that I hope will ultimately result in us being able to produce all that is available to UBS.

We are being incredibly careful and diligent not to provide documents or conclusions which are not 100% based in fact as we strongly believe, and I have discussed with same with Jim Seery, that producing inaccurate results would cause unwanted issues with UBS.

Be assured that Isaac and me are actively working on this and speak literally daily about it.

UBSPROD1611114

Sent from my iPhone

> On Aug 15, 2020, at 11:31 AM, Gregory V. Demo <GDemo@pszjlaw.com> wrote:

>

> Scott and Isaac,

>

> I spoke to Jim about this issue this morning. It is a high priority at this point and we need to do what we can to push it to conclusion. I understand that it's going to take some work.

>

> Can we schedule a time Wednesday morning (8/19) to discuss progress and where we're at? I'm generally available so whenever works for you all will work for me.

>

> Best,

> Greg

>

> Gregory V. Demo

> (212) 561-7730

>

> Sent from my iPad

>

> On Aug 6, 2020, at 6:08 PM, Scott Ellington <SEllington@highlandcapital.com> wrote:

>

> Isaac and me were instructed by Jim Seery to get this UBS deliverable handled.

> I was just on phone with Isaac when this email came through.

> Don't see how this is urgent. Especially relative to UBS request.

> We will get to this when it is a priority.

>

> Sent from my iPhone

>

> On Aug 6, 2020, at 5:05 PM, Isaac Leventon <ILeventon@highlandcapital.com> wrote:

>

>

> Guys, I don't think this is a prerequisite to delivering materials to UBS in satisfaction of their concerns. I am prepping the document set for delivery tomorrow. Dave has not worked on this, so I will just call Greg and James. However, this is the current status.

>

> From: Gregory V. Demo <GDemo@pszjlaw.com>

> Sent: Thursday, August 6, 2020 5:01 PM

> To: James Romey <jromey@DSIConsulting.com>; Isaac Leventon <ILeventon@HighlandCapital.com>; David Klos <DKlos@HighlandCapital.com>

> Cc: Jim Seery <jpseeryjr@gmail.com>

> Subject: RE: UB Diligence Requests: Highland Credit Opportunities CDO Ltd.

>

> I'll circulate a dial in for 6:15 EST. Sorry I didn't see this earlier.

>

> Gregory V. Demo

> Pachulski Stang Ziehl & Jones LLP

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> <image001.jpg>

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> From: James Romey [mailto:jromey@DSIConsulting.com]

> Sent: Thursday, August 06, 2020 5:41 PM

> To: Isaac Leventon; Gregory V. Demo; David Klos

> Cc: Jim Seery

> Subject: RE: UB Diligence Requests: Highland Credit Opportunities CDO Ltd.

> Importance: High

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> Are you guys available for a call at 6pm eastern for a status check?

>

>

> James E. Romey

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>

> From: Isaac Leventon [mailto:ILEventon@HighlandCapital.com]

> Sent: Thursday, August 6, 2020 3:55 PM

> To: Gregory V. Demo <GDemo@pszjlaw.com<mailto:GDemo@pszjlaw.com>>; David Klos

<DKlos@HighlandCapital.com<mailto:DKlos@HighlandCapital.com>>; James Romey

<jromey@DSIConsulting.com<mailto:jromey@DSIConsulting.com>>

> Cc: Jim Seery <jpseeryjr@gmail.com<mailto:jpseeryjr@gmail.com>>

> Subject: RE: UB Diligence Requests: Highland Credit Opportunities CDO Ltd.

>

> Dave - I will call you to figure this out.

>

> From: Gregory V. Demo <GDemo@pszjlaw.com<mailto:GDemo@pszjlaw.com>>

> Sent: Thursday, August 6, 2020 2:17 PM

> To: David Klos <DKlos@HighlandCapital.com<mailto:DKlos@HighlandCapital.com>>; James Romey

<jromey@DSIConsulting.com<mailto:jromey@DSIConsulting.com>>; Isaac Leventon

<ILEventon@HighlandCapital.com<mailto:ILEventon@HighlandCapital.com>>

> Cc: Jim Seery <jpseeryjr@gmail.com<mailto:jpseeryjr@gmail.com>>

> Subject: RE: UB Diligence Requests: Highland Credit Opportunities CDO Ltd.

>

> The confusion that we're having is that the asset shown on the worksheets we got from Isaac says that Highland CDO Opportunity Master Fund has a \$21.5 million limited partnership interest in MVCDO:

>

> Highland Credit Opportunities CDO Ltd.

>

> Partnership Interest

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> So the issue you raise is exactly the issue that we're trying to figure out. Going off the org chart, I also thought this entity was 100% owned by MSCF. We're trying to figure out what the \$26 million asset on CDO Fund's books means and whether it's a direct interest in MCVDO, an LP interest in MSCF, or a redemption interest in MSCF. I have not seen Highland CDO Opportunity Master Fund listed as either an LP in MSCF or as one of the redeemers.

>

> Greg

> Gregory V. Demo

> Pachulski Stang Ziehl & Jones LLP

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> From: David Klos [mailto:DKlos@HighlandCapital.com]

> Sent: Thursday, August 06, 2020 3:08 PM

> To: James Romey; Isaac Leventon

> Cc: Gregory V. Demo; Jim Seery

> Subject: RE: UB Diligence Requests: Highland Credit Opportunities CDO Ltd.

>

> Suspect there may be some confusion over the name, and Isaac – feel free to chime in here, because I may not have all the history, but the entity that you're asking about is often referred to as MVCDO, and is indirectly owned 100% by MSCF. See org chart attached.

>

> For purposes of MSCF financial reporting (annual audits as well as what we provide you when you ask us for MSCF holdings), MVCDO's holdings are fully consolidated, so they are shown as part of the fund. Many of the funds larger holdings are directly held by MVCDO (MGM, Omnimax, JHT to name a few).

>

> On a standalone basis, the MSCF master fund shows MVCDO as a holding equal to the net assets of MVCDO, but that holding completely eliminates when MVCDO's holdings are consolidated. Call if this is not clear.

>

> From: James Romey <jromey@DSIConsulting.com<mailto:jromey@DSIConsulting.com>>

> Sent: Thursday, August 6, 2020 12:39 PM

> To: Isaac Leventon <ILEventon@HighlandCapital.com<mailto:ILEventon@HighlandCapital.com>>

> Cc: Gregory V. Demo <GDemo@pszjlaw.com<mailto:GDemo@pszjlaw.com>>; Jim Seery <jpseeryjr@gmail.com<mailto:jpseeryjr@gmail.com>>; David Klos <DKlos@HighlandCapital.com<mailto:DKlos@HighlandCapital.com>>

> Subject: UB Diligence Requests: Highland Credit Opportunities CDO Ltd.

> Importance: High

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> Isaac,

>

> Before we give anything to UBS today, we need to track down what the Highland Credit Opportunities CDO Ltd. partnership interest in MSCF means and how it's accounted for on MSCF's books, ie whether it's part of the existing redemption group, or how it has any remaining interests in the fund.

>

> Or, if I'm misunderstanding something, please let me know asap.

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